

IN THE SENATE OF THE UNITED STATES.

MAY 11, 1896.—Ordered to be printed.

Mr. FRYE, from the Committee on Commerce, submitted the following

REPORT:

[To accompany H. R. 8038.]

The Committee on Commerce, to whom was referred the bill (H. R. 8038) to protect American yacht owners and shipbuilders, submit the following report:

Section 4216 of the Revised Statutes reads as follows:

SEC. 4216. Yachts belonging to a regularly organized yacht club of any foreign nation which shall extend like privileges to the yachts of the United States, shall have the privileges of entering or leaving any port of the United States without entering or clearing at the custom-house thereof or paying tonnage tax.

The bill proposes to amend the section by adding the following:

Provided, That the privileges of this section shall not extend to any yacht built outside of the United States and owned, chartered, or used by a citizen of the United States.

Under this section, which became law in 1870, a practice has arisen, which was not contemplated at the time of its enactment, which is a serious detriment to our American shipbuilders, and out of harmony with our other navigation laws. Americans of wealth, taking advantage of it, have joined foreign yacht clubs, have had yachts built on the Clyde and elsewhere, brought them into our waters, where they enjoy all the privileges which are given to the owners of yachts built in our own shipyards, and without paying tonnage taxes, or entering or clearing at the custom-houses.

Up to this time about 26 of these yachts have been brought in, varying in tonnage from 500 to 2,000 tons, and there are now under contract and building on the Clyde 4 large steam yachts, to cost about \$1,500,000, for American citizens.

It is proposed in this bill to so amend the law as to subject such yachts to the same tonnage taxes and the same dues for clearances and entrances that are imposed upon other foreign-built vessels having the same privileges.

For a time after the enactment of the present law, only sailing yachts were introduced in the manner which has been described. This practice, though not contemplated by the framers of the act, was not, perhaps, without some benefit to our industries, for the English were then in advance of us in the construction of this kind of craft, and their introduction to our waters served as an object lesson to our shipbuilders. But even this excuse for the discrimination can no longer

exist, for we have now reached a point where we require instruction from no nation in the building of any kind of vessels, even in the matter of elegant finish and equipment.

Of late years the practice has extended to the building of large and costly steam yachts abroad, thus taking away from our shipyards a very large amount of work which would be likely to go to them were it not for the provisions of the section which it is proposed to amend. And this work is very extended in its nature. Nearly 300 industries are benefited in the building of a first-class steam yacht.

Certainly the proposed amendment would subject no American to any unreasonable hardship. No man becomes the owner of one of these yachts unless he is possessed of abundant means, and if he enjoys sailing a foreign-built craft better than one built in his own country all that is demanded of him is that he be subjected to the same requirements that are imposed upon Americans who purchase other classes of vessels abroad.

Your committee recommend the enactment of this bill into law.

